

OKLAHOMA ALTERNATIVE REGULATION TRANSITION PLAN

Approved November 30, 1999

Docket PUD 99-613

A. **UNBUNDLED NETWORK ELEMENTS**

1. The Transition Plan provides for promotional discounts (“Promotional Discounts”), as shown on the attached document “UNE Rates,” on rates for certain unbundled network elements (UNEs) established in the PUD 97-213 cost docket proceeding, Order No. 424864 (“Cost Docket”). All other UNE rates set in the Cost Docket which are not subject to the Promotional Discounts will remain at the rates set forth in the Cost Docket or under any applicable interconnection agreement, until further order of the Commission.
2. The Promotional Discounts shall be offered by SWBT and made available to be ordered by any requesting CLEC during a promotional window of time (“Promotional Window”), as defined below in paragraphs A.3 and A.4. The Promotional Discounts shall remain in effect and not expire or terminate during a promotional period, as defined below in paragraphs A.3 and A.5 (“Promotional Period”).
3. The Promotional Window as defined in this paragraph and paragraph A.4 below and the Promotional Period as defined in Paragraph A.5 below shall begin on the date SWBT specifies in its election to participate filed pursuant to the Oklahoma Corporation Commission’s.
4. The Promotional Window to order UNEs or UNE-Ps at the discounts shown on the attached document “UNE Rates” shall end on the earlier of the Time Limitation or Line Threshold Limitation:
 - (a) The time limitation (“Time Limitation”) shall be:
 - (1) five years after the commencement of the Promotional Period for service to residential customers in zones 1, 2 and 3;
 - (2) five years after the commencement of the Promotional Period for service to business customers in zones 1 and 2; and
 - (3) four years after the commencement of the Promotional Period for service to business customers in zone 3.

- (b) The line threshold limitation (“Line Threshold Limitation”) shall be applied by type of service (business or residential) and by exchange, and shall be as follows:
- (1) When the number of residential access lines provisioned by competitive local exchange carriers (CLECs) in the aggregate in an exchange equals or exceeds twenty-five percent (25%) of the total residential access lines in that exchange as defined in (A)(4)(b)(3)(iv) following, then the Promotional Discounts for new UNEs or UNE-P arrangements for residential service shall terminate in that exchange.
 - (2) When the number of business access lines provisioned by CLECs in the aggregate in an exchange equals or exceeds twenty-five percent (25%) of the total business access lines in that exchange as defined in (A)(4)(b)(3)(iv) of the Stipulation, then the Promotional Discounts for new UNEs or UNE-P arrangements for business service shall terminate in that exchange.
 - (3) The calculations set forth in preceding subsections (1) and (2) shall be made in accordance with the following rules:
 - (i) the number of SWBT access lines provisioned by CLECs shall exclude any access lines provisioned by CLECs that are affiliated with SWBT;
 - (ii) the number of SWBT access lines provisioned by CLECs shall only include access lines provisioned after the commencement of the Promotional Period;
 - (iii) the number of access lines provisioned by CLECs shall include only access lines with respect to which a CLEC utilizes these Promotional Discounts, or the promotional merger discounts specified in the Conditions to the Memorandum Opinion and Order of the Federal Communications Commission in connection with the merger of SBC Communications Inc. and Ameritech Corporation, FCC 99-279 (the SBC/Ameritech Merger Conditions); and
 - (iv) the total business or residential access lines of SWBT in an exchange shall be determined as of the last day of the month in which the Promotional Period begins.

5. The Promotional Discounts provided in attached UNE Rates document shall remain in effect for the Promotional Period which shall be defined as a period of five years from the effective date specified in SWBT's election to participate with respect to UNE/UNE-P arrangements ordered during the Promotional Window.
 - (a) If the Promotional Window in any exchange expires because the Line Threshold Limitation in that exchange has been met then CLECs shall no longer be entitled to order additional UNEs or UNE-P arrangements at the Promotional Discount rate for that type of service in that exchange, but the Promotional Discounts applicable to UNEs or UNE-P arrangements ordered during the Promotional Window will continue in effect for five years after the commencement of the Promotional Period, unless the Commission has ordered and SWBT has implemented new UNE rates applicable for that zone pursuant to paragraph 8 below.
 - (b) With respect to service to business customers in zone 3 where the Line Threshold Limitation has not been met, then CLECs shall no longer be entitled to order additional UNEs or UNE-P arrangements at the Promotional Discount rate for that type of service in that exchange after four years after the commencement of the Promotional Period, but the Promotional Discounts applicable to UNEs or UNE-P arrangements ordered during the Promotional Window will continue in effect for five years after the commencement of the Promotional Period, unless the Commission has ordered and SWBT has implemented new UNE rates applicable for that zone pursuant to paragraph 8 below.
6. SWBT shall provide notice when 50%, 80% and 100% of the Line Threshold Limitation for business service or residence service in an exchange has been attained. Such notice shall be provided by written or e-mail notice to all CLECs who are certificated in the State of Oklahoma, the Attorney General, the Commission PUD Staff and by posting that information on SWBT's website.
7. The "Glue Charge" (network component service) for new combinations required for UNE-P service during the Promotional Period will be a \$5.00 non-recurring charge with the recurring Glue Charge waived for the Promotional Period but will be limited to a quantity not to exceed the Line Threshold Limitation in each exchange by service. There is no Glue Charge for existing combinations of UNEs. Existing combinations of UNEs include (a) service provided by SWBT to its customers, (b) service provided by any CLEC under resale, and (c) service provided by any CLEC under UNE-P. The inclusion of a non-recurring Glue Charge in this Stipulation has no precedential effect in this State or any other state, since Glue Charges were not considered in the Cost Docket. The parties also acknowledge that SWBT is not obligated to combine UNE elements except

as agreed upon in the SBC/Ameritech Merger Conditions or as otherwise may be required by law.



8. A new cost proceeding shall not be initiated to change the UNE rates established in the Cost Docket earlier than two years from the date of the commencement of the Promotional Period. No change in the UNE rates established in the Cost Docket will be implemented for any zone until the earlier of five (5) years from the date the Promotional Period begins as specified in SWBT's election to participate or until the Line Threshold Limitation for business service and residence service individually are met in the majority of SWBT exchanges within that particular zone. If the Commission orders new cost docket rates, and if the above Line Threshold Limitation has been met in the majority of SWBT's exchanges in that zone prior to the fifth year anniversary of the date of the commencement of the Promotional Period, then SWBT will implement the new cost docket rates for that zone and all Promotional Discounts will be discontinued for that service in that zone for existing and new UNEs, including the Promotional Discounts on recurring rates, nonrecurring charges, recurring Glue Charges (network component service) and nonrecurring Glue Charges (network component service), and the 50%/50% non-recurring billing arrangement set forth in paragraph 10 below. This paragraph does not apply to the cost proceeding required in the SBC/Ameritech Merger Conditions for loop conditioning.
9. For the UNE/UNE-P arrangements ordered during the Promotional Window, at the option of the CLEC, SWBT would charge the CLEC fifty percent (50%) of the non-recurring charge for the initial installation of residence service and bill the residual fifty percent (50%) seven (7) months later, unless the CLEC provides written documentation to SWBT to demonstrate that this customer is no longer receiving continuous telecommunications services from that CLEC.

B. SERVICE BASKETS

Also attached is a document which identifies the service baskets contained in the new Commission rule and the tariff sections that are associated with each basket.

C. RATEPAYER BENEFITS

1. SWBT will contribute \$30 million to the Oklahoma Academy for State Goals for the establishment of an education information technology fund. The fund will be managed by a seven (7) person board of trustees ("The Board") that includes the following members:

-  Two members selected by the Oklahoma Academy for State Goals
-  A member representing the Oklahoma Education Association

- ~~SWBT~~ A member representing the Cooperative Council for Oklahoma School Administration
- ~~SWBT~~ A member representing the Oklahoma State School Boards Association
- ~~SWBT~~ A member representing the Oklahoma Vocational Association
- ~~SWBT~~ An independent investment professional jointly selected by the other members of the Board

The Board will be responsible for establishing the fund as a private endowment and establishing the policies and procedures for the fund, including the investment and expenditure of all funds.

2. SWBT will waive the Oklahoma Universal Service Fund (“OUSF”) charge on retail basic local residence service access lines and basic local business service access lines for five years from the date specified in SWBT’s election to participate
3. SWBT commits to work with the Commission and the Attorney General in a separate proceeding on SWBT’s bill format review.

D. INFRASTRUCTURE DEVELOPMENT

1. SWBT, through one or more of its affiliates, will deploy ADSL technology and commits to invest incremental capital above normal capital expenditures (annual documentation to be provided by SWBT to the Commission stating the incremental investments) in 22 non-metro cities and further deploy additional facilities in Oklahoma City and Tulsa for the provisioning of ADSL. Also attached is a map outlining the 22 non-metro cities in which ADSL will be deployed.
2. SWBT will invest incremental capital above normal capital expenditures to replace all remaining analog switches in the state with digital switches, replace other switches not capable of providing some selected optional services like Caller-ID.